Beyond Aid

Companion Guide



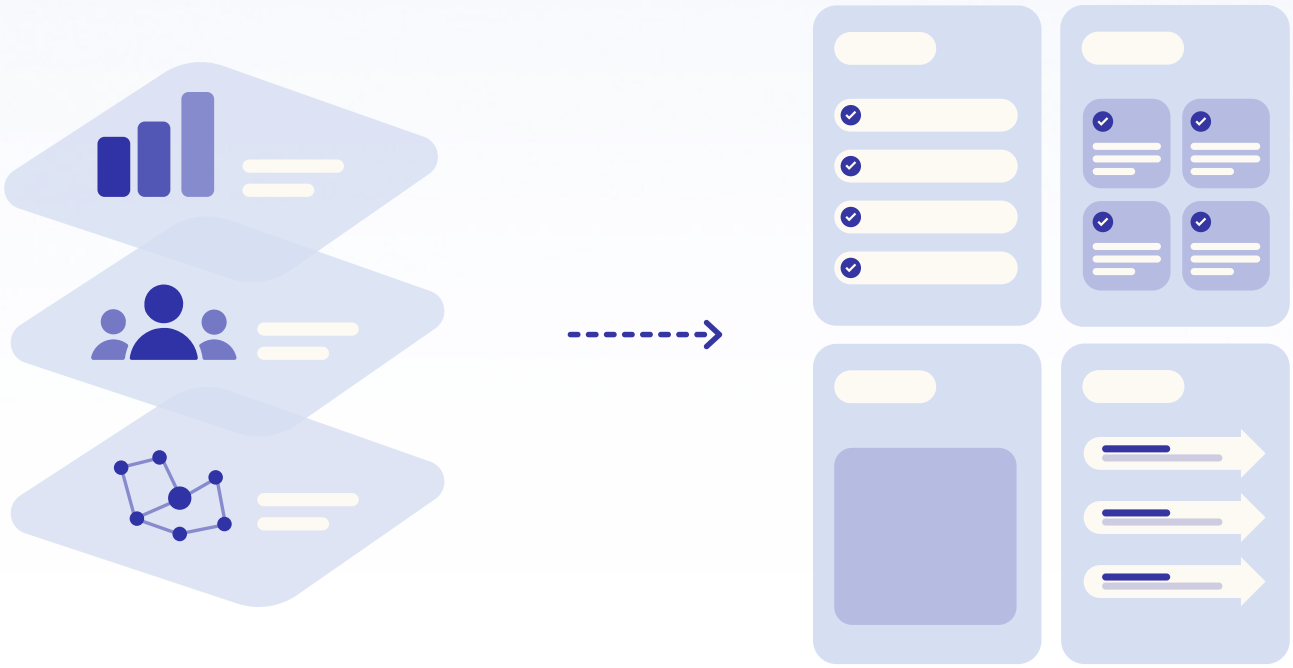
International
Civil Society Centre

Beyond Aid Companion Guide

Funding for humanitarian and development aid has fallen sharply around the world. At the same time, civil society organisations are under growing pressure to rethink how resources are mobilised, shared and governed. Despite increased attention to localisation and alternative funding approaches, progress has often been slow and uneven. This guide is designed to help civil society organisations understand these changes, explore practical alternatives, and identify actions that can strengthen both financial sustainability and locally led action.

This guide accompanies the white paper Beyond Aid: Building Sustainable Pathways for Locally Led Civil Society, published by the International Civil Society Centre. The white paper explores how civil society organisations can respond to shrinking aid budgets and strengthen locally led action by using alternative funding approaches.

This companion guide summarises the paper's main findings, provides practical guidance, and helps organisations identify which resourcing and financing approaches may be most relevant for their context.



Key Takeaways



Money and power are related

Local organisations don't just need money – they also need to be able to make decisions for themselves.



Find your "why" and share it with others

As a starting point, organisations should clearly define WHY they want to explore alternative funding models. It is important to be intentional and transparent when making changes.



No single option is best for everyone

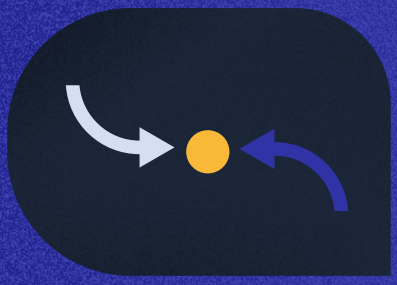
The question is not "Which funding model should replace traditional aid?" but "Which combination of funding sources makes the most sense for our organisation and context?" We recommend combining several approaches rather than relying on a single funding source.

Key Takeaways



Pick an approach that is context-driven, actor-specific, and goal-sensitive

Use your WHY, your organisation's context, and the context(s) in which you are working to inform the funding and development model(s) you choose.



Sustainable change requires both reform and transformation

Top-down policy reform is often pitted against bottom-up innovation. However, evidence suggests that these two elements are most effective when used together to create change.

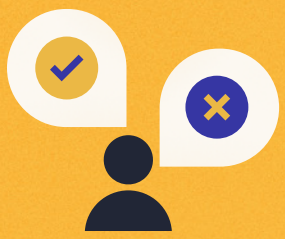


Change is hard and requires time and commitment

Transformative change may require international organisations to take a step back so local organisations can more fully own their work. Consider whether your organisation is prepared to give up control or take on a new role.

Financing Models for Civil Society Organisations

Successful models often share these common elements:



1. Local communities and organisations are involved in decision making.



2. Funding and resources are drawn from multiple sources, not just one.



3. International organisations support and enable local action, rather than controlling it.

The table below provides recommendations for funding approaches to consider based on your organisation's WHY. We recommend combining several approaches rather than relying on a single funding model.

If you are looking for...	...consider these approaches:
Stronger community ownership and local resource mobilisation	**Community savings groups and self-help groups:** Members save and pool resources collectively to support livelihoods, resilience and community priorities. **Mutual aid mechanisms:** Communities organise and share resources directly to address local needs and crises. **Community philanthropy:** Local people, businesses and institutions contribute resources to support causes they care about. **Faith-based giving:** Religious traditions and institutions mobilise donations and resources for social and community initiatives.
Support from people with ties to your community or country	**Diaspora financing:** People living abroad contribute money, skills or networks to support development and social causes in their home communities. **Digital fundraising:** Online platforms, mobile money and crowdfunding tools help organisations raise funds from a wider range of supporters.
Greater financial independence and sustainability	**Social enterprise:** Organisations generate income through products or services while pursuing a social mission. **Fee-for-service models:** Organisations earn revenue by providing training, advisory or other services that support their mission.
More flexible funding with higher local level control of funds	**Participatory grant making:** Communities and affected groups help decide how funding should be allocated. **Locally governed pooled funds:** Resources are managed collectively through governance structures that include local actors. **Trust-based philanthropy:** Funders provide flexible support while giving local organisations greater decision-making power over priorities, resources and how change is achieved.

Shifting Money and Power to Local Organisations

Obstacles

As seen in the table above, the most successful financing and development models include shifts of both money and power to local organisations. However, several factors may stand in the way of these shifts, including:

1. Risk of replicating power imbalances
2. Inability to scale community-led models
3. Compliance burdens for local organisations
4. Legal and regulatory barriers
5. Lack of transparency



To fully take into account the obstacles listed above and how they may affect your organisation's efforts, ask the following questions:

Why?

- Why do you want to explore new financing models and/or strengthen local resources?
- What is your ultimate goal?



What?

- What are you willing to do to support your WHY? What are you able to do, given your resources, capacity, and connections?

- What challenges do you think you might face? Think about policies that might work against you or changes you'll have to make to the ways you work. How can you address these challenges?

- What are the most important changes you need to make in your organisation to support your WHY?



How?

- How can your organisation's mission support your WHY? How can your organisation's strategy and policies support your WHY?

- How might the changes you make affect your organisation's finances?

- How can you support and invest in new financing models that shift money and power to local organisations? How can you overcome challenges you might face?



What You Can Do

Based on the white paper findings, we have collected a set of recommendations for international civil society organisations, local organisations, and funders. Here are practical steps you can take to support alternative financing models for civil society organisations (CSOs).

What everyone can do:

- **Get clear on who you are and what you want:** What does your organisation want to do? What are you best suited to do? What might get in the way of your goals?
- **Explore your options:** Read through the financing models on page 6. Which ones sound interesting and workable for you and your organisation?
- **Build a diverse portfolio:** Don't rely on a single funding source. Instead, use a combination of several approaches, driven by your specific goals and context.
- **Be thoughtful in making changes:** Use the question list on pages 8 to 10 to walk through a "Why-What-How" decision-making process.
- **Ask hard questions:** When money and power shift, we may need to give something up or take on a new role. Think about whether your organisation is ready to make these changes.
- **Share your thinking:** Transparency is key for building trust. Be clear about your goals, especially with people and communities who are directly affected by your work.
- **Take your time:** Real structural change takes time, commitment and effort. Be patient, and don't expect change to happen on a quick timeline. Optimally, test your chosen alternative financing approaches through small pilots, and develop a long-term strategy for diversifying your income sources.

What international CSOs can do:

- **Make a plan** to pursue alternative financing models. Set specific goals to track your progress.
- **Invest in a portfolio** of financing models based on your context.
- **Be transparent** about overhead costs (such as salaries or operating costs).
- **Use due diligence** processes to get to a "yes", not to deny funding.
- **Help local organisations** apply for funding opportunities.
- **Advocate** for supportive laws and policies.
- **Support local organisations** with systems, structures, and risk management.
- **Shift money and power** to local organisations and provide short-term support for the shift.

What local organisations can do:

- **Make a plan** to pursue alternative financing models. Set specific goals to track your progress.
- **Build a portfolio** of financing models gradually over time.
- **Build** on new and existing community funding resources.
- **Work** with other local organisations to advocate for change.
- **Develop** community-managed financial models.
- **Advocate** for supportive laws and policies.
- **Integrate digital resources** (e-wallets, mobile money, crowdfunding platforms, online payment systems) into your funding work.

What funders can do:

- **Set standard** overhead rates that are based on real organisational costs.
- **Invest** in trust-based philanthropy and local decision making.
- **Require data transparency** throughout funding processes.
- **Support** laws and policies that empower local organisations.
- **Simplify** reporting requirements for local organisations.
- **Share risk and responsibility** among donors, intermediaries, and local organisations.
- **Invest** in trials of new funding models for humanitarian and development work.

Want to learn more about alternative funding approaches?

For more information, click here to read our white paper:

Beyond Aid: Building Sustainable Pathways for Locally Led Civil Society

Or scan the QR code to access the full report.





International Civil Society Centre

International Civil Society Centre gGmbH,
Agricolastraße 26, 10555 Berlin, Germany

+49 (0) 30 20 62 46 97 11
mail@icscentre.org

icscentre.org

Follow us:

LinkedIn Facebook

Flickr YouTube